



22 July 2024

Professor Lester Levy
Health New Zealand - Te Whatu Ora
s 9(2)(a)

Tēnā koe Lester

Appointment as Commissioner of Health New Zealand - Te Whatu Ora

Further to my letter of 11 July 2024, which outlined my serious dissatisfaction with the performance of Health New Zealand - Te Whatu Ora (Health NZ), I am writing to advise that I made my decision about next steps. This follows consideration of your submission in response provided to my letter on behalf of the Health NZ Board on 12 July 2024.

Under section 62(1) of the Pae Ora (Healthy Futures) Act 2022 (the Act), I hereby remove you as Chair and a member of the Board of Health New Zealand. I appoint you as Commissioner of Health NZ for a 12-month term of office from on 24 July 2024 pursuant to section 62(2) of the Act. As Commissioner you have all the functions, duties, powers and protections of the Board and as a member of the Board. You may appoint up to three Deputy Commissioners.

My specific expectations of you as Commissioner are set out in this letter and the attached Terms and Conditions. Senior officials from the Ministry of Health (the Ministry) will discuss these obligations with you in more detail soon after your appointment.

I expect the change in your role from Chair to Commissioner of Health NZ will enable the entity to move more promptly to an operating model that achieves both financial sustainability and the delivery of the Government's health system priorities. Thank you for your actions to-date on my expectations and your initial paper covering the range of challenges at Health NZ and options to address them, while continuing to deliver on my priorities.

Health NZ's Letter of Expectations (LoE) that you received upon appointment as Chair on 1 June 2024, and the LoE related to health infrastructure dated 30 April 2024 still stand. Both outlined my priorities and those of Hon Matt Doocey for the mental health and addictions portfolio. These included that progress against the Government's health targets; the integration of the Māori Health Authority into Health NZ; resetting the direction for primary and community care and iwi-Māori Partnership Boards. Importantly, the LoE covered

financial management and accountability settings for Health NZ, and acknowledged the strong leadership required to ensure the health system embeds changes to support a sustainable future.

In addition to the two LoE noted above, I request specific focus from you on the following expectations in your new role:

1. As Commissioner, you can appoint up to three Deputy Commissioners and I encourage you to do so. Please consult with me as you consider potential candidates for these roles and before you make appointments.
2. Given Health NZ's current performance trajectory, a clear path to financial sustainability and organisational performance is required. Thank you for your work to date on this. Please now focus on providing me with a detailed turnaround plan before the end of August with measurable deliverables and milestones setting out how you will achieve financial breakeven while delivering on my expectations. This plan should:
 - a. Review the entity's governance, leadership, and operating model, including the role of regions and appropriate management controls at all levels of the organisation.
 - b. Work to ensure there is no interruption to the delivery of services during this period of recovery, and that Government targets and objectives are prioritised.
 - c. Confirm spending will be kept within assigned output classes once they are agreed with me through your Statement of Performance Expectations for 2024/25.
 - d. Explain how Health NZ's will strengthen the clinical voice in decision making.
 - e. Ensure that patients and their families remain the central consideration of health care planning and provision.
3. Your turnaround plan should address the following specific matters covered in my previous LoE. Specifically, this includes:
 - a. The entity's internal performance framework. This will need to reflect updates you are making to the operating environment and clearly set internal controls. As previously advised, the framework must be endorsed by the Ministry and the Health Quality & Safety Commission before finalisation.
 - b. A documented entity operating model, that outlines how parts of the organisation work and where accountability lies.
 - c. A risk identification and management framework, that fits with the revised control environment.
 - d. I expect to receive confirmation of how you will address these matters and when detailed proposals will be available, as soon as practicable.
4. Health NZ is overdue in providing planning information for 2024/25 onwards to the Ministry and Treasury as agreed by Cabinet as part of the Budget 2024 process. Health NZ must provide this information as soon as practicable and should reflect the same planning assumptions (including resource allocation and volumes) as your turnaround plan.

5. The Health NZ turnaround plan will be essential to setting the entity on the path to sustainability. It will also set the parameters for service delivery and improvement through the New Zealand Health Plan.
 - a. I expect the New Zealand Health Plan and the entity's Statement of Performance Expectations and Statement of Intent to follow from this work, and for revised drafts of these statutory documents to be developed and presented to me when available. I also expect you to provide me with an updated timeframe for the planned delivery of these accountability documents.
6. I ask that you to continue to work closely with the Hauora Māori Advisory Committee to ensure that Health NZ remains committed to the addressing the health requirements of high needs population groups.
7. I look forward to meeting with you frequently and receiving regular reports on progress. It remains my continued expectation that all Health NZ reports and documents are shared with the Ministry and the Treasury to ensure full visibility of plans and progress before they come to me. This has not always occurred in the past, but I trust that you will ensure that changes. As these are confirmed, your plans and associated reporting will be built into your monitoring plan by the Ministry.
8. On the basis of no surprises, I expect to be engaged early and consulted on all significant changes you are planning, and their implications given the turnaround plan will require challenging decisions and trade-offs. I expect you will also consult with me on options before you progress decisions and for associated significant communications to be managed jointly. Please also follow the service change protocols and processes set out in the Operational Policy Expectations.

I look forward to working with you and wish you the best as you take up this critical new role as Commissioner of Health NZ. Please formally acknowledge your appointment by signing the attached memorandum and emailing it to appointments@health.govt.nz.

Nāku noa, nā



Hon Dr Shane Reti
Minister of Health

Encl Terms and Conditions of Appointment
Appointment Memorandum

cc Fepulea'i Margie Apa - Chief Executive, Health New Zealand - Te Whatu Ora
s 9(2)(a)

Dr Diana Sarfati, Director-General of Health, Ministry of Health - Manatū Hauora
s 9(2)(a)